

# and Accounting Service



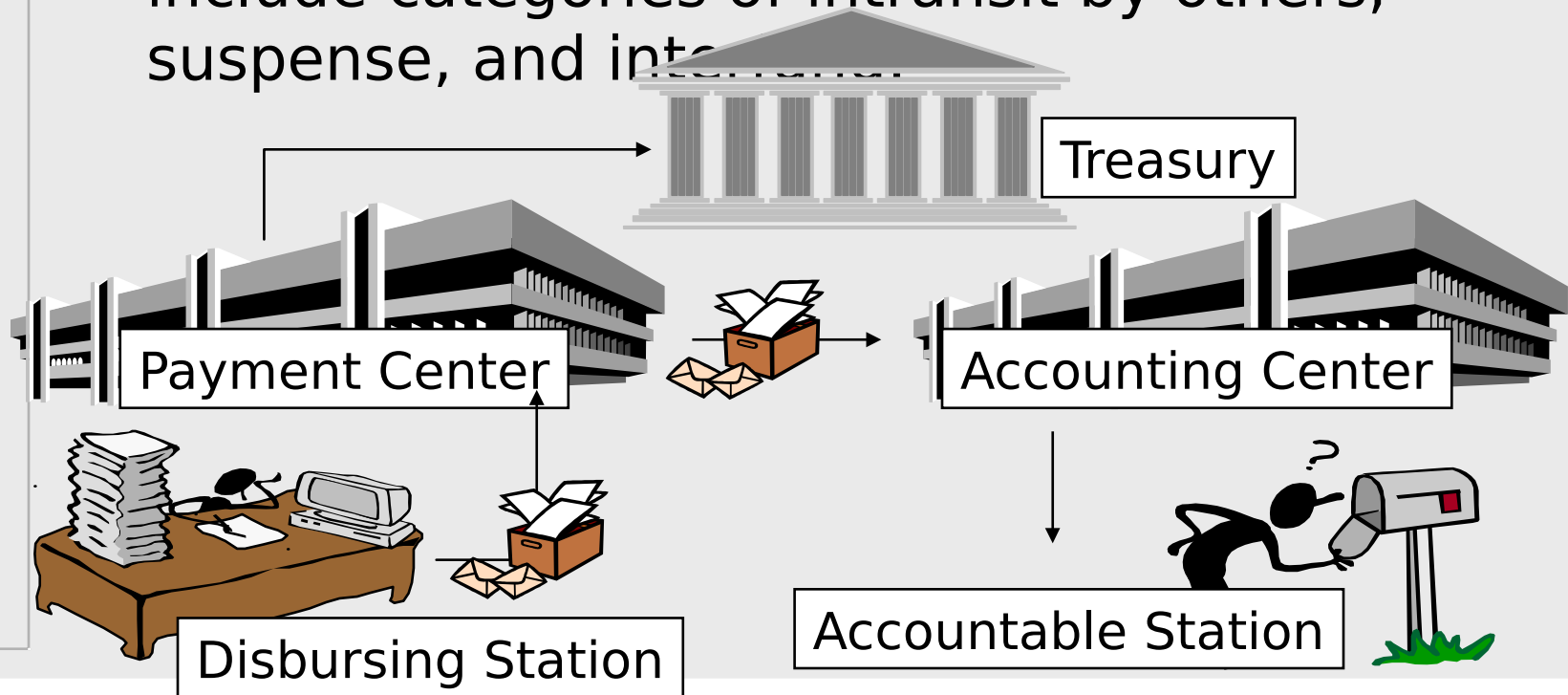
## ***Partnering to Reduce Problem Disbursements***

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# What's An Intransit?

**Intransit** is defined as those transactions paid and reported to Treasury but not received or processed by the accountable station. These include categories of intransit by others, suspense, and inter-transit.



# What's An UMD?

**Unmatched Disbursements** (UMDs) are transactions that accounting offices processed but could not be matched to the correct detail obligation.

Disbursement



Accounting Obligations

# What's A NULO?

## **Negative Unliquidated Obligations (NULO)**

are disbursement transactions which have been matched to a detail obligation, but the total disbursement(s) exceeds the amount of the obligation.



Disbursement



Accounting Obligation

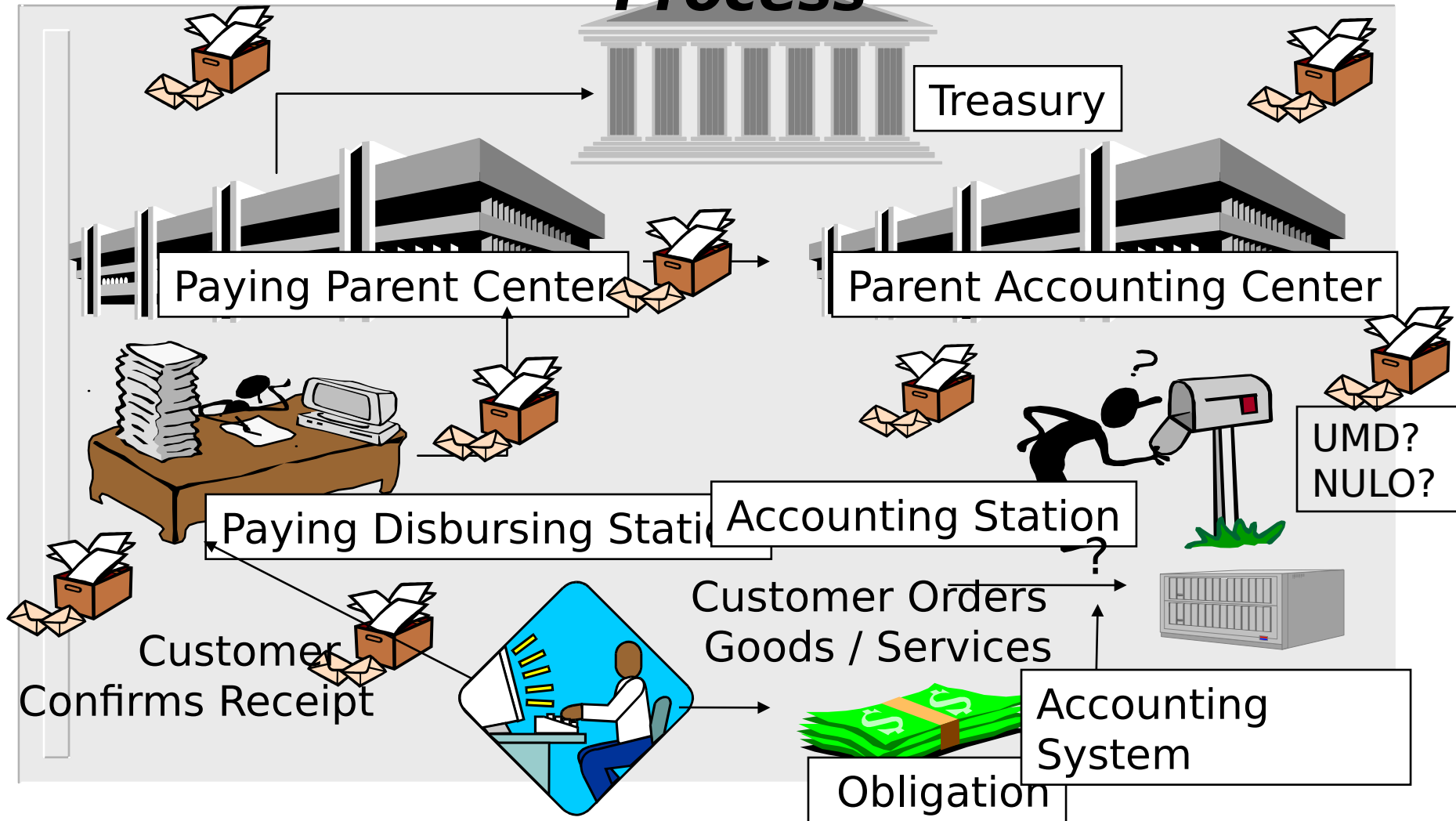
# OSD Rules For Intransits

- Intransits Are Not Problem Disbursements
  - Are problem transactions when they take too long to post to the accounting system
    - Intrservice > 60 days
    - Interservice and interfund > 120 days
  - Customer must fund aged intransits by June of the canceling year
  - New rules being proposed
    - Will codify DoD guidance and enforce better discipline into the intransit process

# OSD Rules For Problem Disbursements

- DFAS to work problem disbursements for 120 days, then refer to customer for help
- If unresolved after 180 days, customer must create a “temporary” obligation
  - “Temporary” means all parties continue to work on resolving the problem disbursement
- If it is determined that problem can’t be resolved DFAS submits discontinued research request to service
- Service approval makes obligation permanent

# ***INTRANSITS & PROBLEM DISBURSEMENTS From A Chaotic Process***



# Reasons For Intransits & Problem Disbursements

- Antiquated business practices
  - Centralized payment processing (Civilian pay, printing, etc)
  - MOCAS
  - Centrally managed allotments (TDY-to-school, Civilian PCS, etc)
  - Multi-funded contracts, travel orders, etc.
- Incompatible entitlement and accounting systems
  - Mismatches in formats and levels of detail
  - Timing differences
- Lack of edits in source systems
- Disconnected systems - re-input of key data along the way
- Human element



# DoD Goals

- INTRANSITS
  - FY 00 - 75% decrease from FY 98
  - DFAS is in control of majority of the process
- UMDs and NULOs
  - FY 00 - 75% decrease from FY 98
  - DFAS does not own entire process
  - DFAS & customers must work together to achieve goals







# Assessment of Status

- FY 2000 Goals
  - Intransits
    - 62 percent of intransits are over 180 days old; 43 percent are over 360
    - Can achieve goals, plans underway to address major balances
      - Cleveland chargeback procedures now in place
      - Cleveland interfund procedures now in place
      - Indianapolis process management improvements now in place
  - UMDs
    - 46 percent are in the Indy network; 38 percent in Cleveland
    - Can achieve goals, 52 percent reduction achieved by Mar 00
  - NULOs
    - 59 percent are in the Indy network
    - Goal tough to meet, will require recon systems & commitment of resources
      - Recent actions designed to support Indy efforts

# FY 2000 Goals

- DFAS has a performance contract with OSD to meet reduction goals of 75 % for intransits and problem disbursements
- Contract acknowledges service component cooperation is critical to reaching goals for UMDs and NULOs
- Contract lists both DFAS and service commitments needed to meet overall goal

# FY 2000 Goals

- DFAS commitments include:
  - Make Timely and Accurate Payments
  - Obligations recorded within 10 days of creation
  - Pilot initiatives allowing DFAS to automatically obligate small dollar NULOs and UMDs
  - Request discontinued research only after complying with DoD FMR
  - Implement Fast Track and Contract Reconciliation programs
  - Electronically transmit intransit data from paying station to the accounting station

# FY 2000 Goals

- DFAS commitments (cont)
  - Record intransit transactions within 30 days of receipt at accounting station
  - Improve tracking and control of intransits
  - Develop capability to receive electronic files



# FY 2000 Goals

- Service commitments include:
  - Obligations recorded within 10 days of creation
  - Electronic transmission of supporting documents
  - Accurate and complete accounting information on all supporting documentation (electronic or paper)
  - Reduced fund citations
  - Pilot initiatives allowing DFAS to automatically obligate small dollar NULOs and UMDs

# FY 2000 Goals

- Service commitments (cont)
  - Create obligations to cover UMDs and NULOs over 180 days old
  - Support discontinued research
  - Support the Fast Track contract closeout program
  - Implement the contract reconciliation program
  - Maximize use of Gov't purchase card

# Initiatives to Reduce Intransits, UMDs and NULOs

- Defense Cash Accountability System (DCAS)
  - Improves intransit flow and reduces UMDs
- Fast Track
  - Reduces NULO balances
- Improved processes for clearing small dollar problem disbursements
  - Reduces UMD and NULO balances
- Full implementation of contract reconciliation
  - Reduces NULO balances and UMD and NULO inflow

# Initiatives to Reduce Intransits, UMDs and

- **NULOS**
  - On-line payment and collection (OPAC)
    - Reduces intransit inflow
- Centralized Disbursing
  - Speeds intransit processing
- Improved intransit processing controls
  - Improves intransit tracking
- Improved interfund processing controls
  - Improves intransit processing and reduces UMD inflow

# Initiatives to Reduce Intransits, UMDs and

## Long Term Solutions:

- Power Track
- Defense Travel System
- Defense Procurement Payment System
- DFAS Corporate Data Base

# Contract Reconciliation

## Why Contract Reconciliation?

- Improve Agreement Between Accounting & Entitlement Records To:
  - Reduce Problem Disbursements
  - Improve Prevalidation Success Rate
  - Ready MOCAS For DPPS Conversion
    - DRID 53

# DRID 53

## Retire MOCAS Before FY 03

- Brown Out Period
  - New contracts via DPPS starting in FY 01
  - Old remain until conversion NLT Oct 2002
- From Now Until Oct 2002 We Have 350,000 Contracts to Reconcile & Close or Convert
- Services & DCMA Will Build a Plan to Complete the Transition
- DFAS Will Reengineer Recon Process & Systems to Support MOCAS Retirement

# DFAS Tools to Support MOCAS Retirement

- DoD-Wide Contract Reconciliation
- Standard Contract Reconciliation Tool
- Fast Track

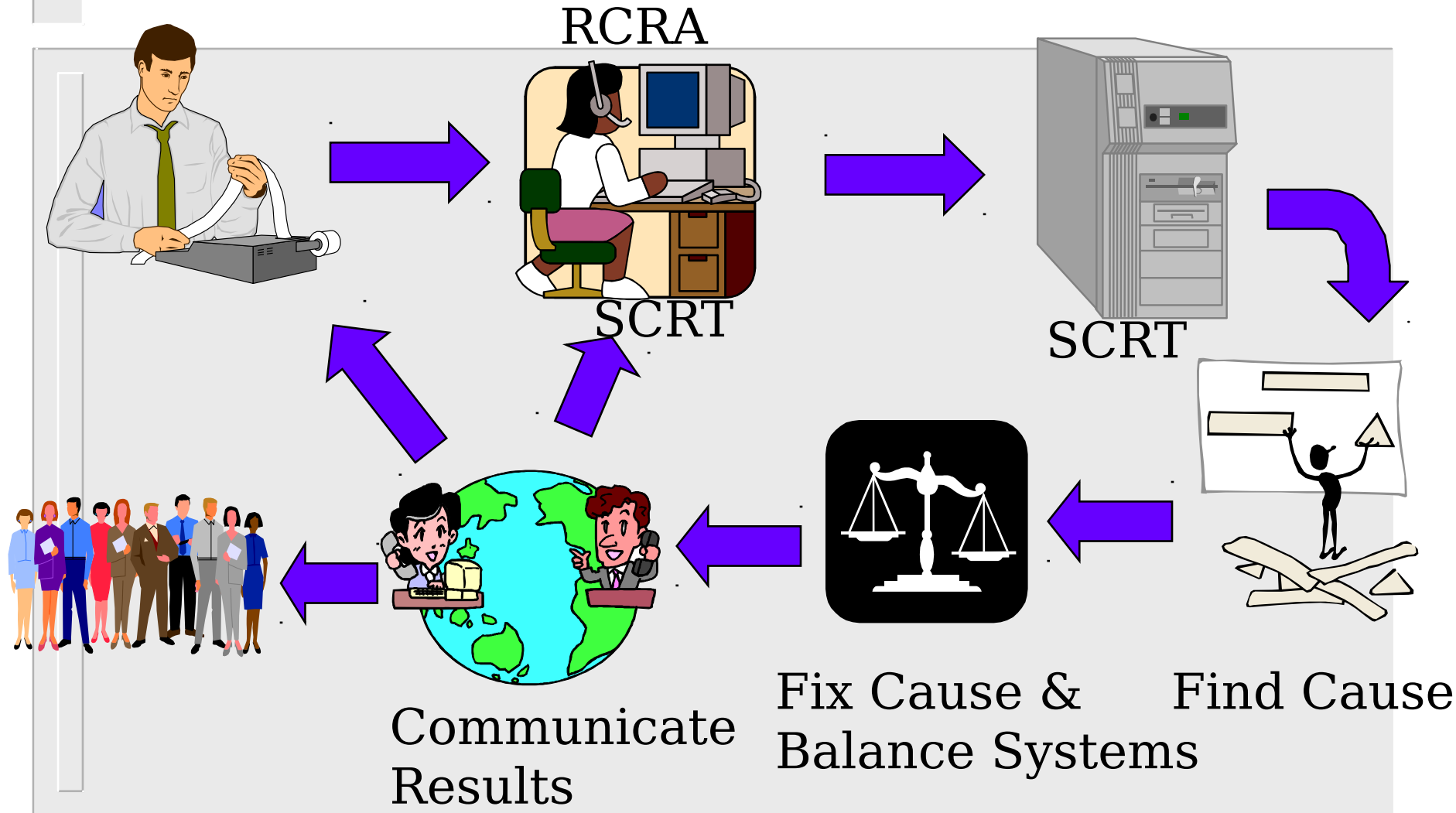


# Contract Reconciliation

- Key Elements
  - Contract Reconciliation Registration
    - Eliminates Duplication of Effort
  - Responsible Contract Reconciliation Agent (RCRA)
    - Foundation for Processing Timelines
  - Standard Contract Reconciliation Tool (SCRT)
    - Foundation for Improved Process & Department-Wide Scope

# Contract Reconciliation Process

Find A Problem Register As a Record Compare Data Bases



# Fast Track

Contract Closure Without  
Finance & Accounting  
Reconciliation

# Fast Track Process

- Identify Candidate Contracts
  - Physically Complete
  - Dormant & \$0 or small ULO
- Confirm Criteria with Accounting
- “Balance” Contract in Accounting and Entitlement Systems
- Obtain Funds Manager Approval for Proposed Adjustments
- Process Adjustments and Close Contract

# Summary

- Short-Term Strategy
  - Changing Processes to Eliminate Intransits and Problem Disbursements
  - Routing Disbursement Data Electronically to Accounting Systems
  - Creating Ways To Resolve Current Balances
- Long-Term Strategy
  - Integrated Systems
  - Single Source Input